

**Statement of Michael J. Riley  
President  
Motor Transport Association of Connecticut  
Before  
The Joint Committee on Transportation  
February, 23, 2015**

**Re: House Bill No. 5453 AN ACT EXEMPTING FROM THE  
SALES TAX THE COST OF PARTS AND LABOR FOR  
TRUCK REPAIR**

I am Michael J. Riley, President of Motor Transport Association of Connecticut (MTAC), a statewide trade association, which represents around 800 companies that operate commercial motor vehicles in and through the state of Connecticut. Our membership includes freight haulers, movers of household goods, construction companies, distributors, tank truck operators and hundreds of companies that use trucks in their business and firms that provide goods and services to truck owners.

**MTAC SUPPORTS THIS BILL**

Connecticut is a relatively small state yet a great number of trucks travel through it every day. Often those trucks require service, repair or parts. Truckers are interstate operators. In the Northeast they can be in 5 or six states in one day.

There are several businesses in this state that service and repair large commercial motor vehicles. Because of the nature of the industry, these businesses compete not just with the guy down the road, but the guy in nearby states. Truck repair can be a very big ticket item with engine overhauls costing the vicinity of \$15,000 just in labor. The sales tax on that labor, if the work is done in Connecticut is \$ 952.000.

According to a 2007 Report by Connecticut's Office of Legislative Research, the sales tax does not apply to labor on large trucks in Massachusetts, Rhode Island, New York and New Jersey. Those states have



MICHAEL J. RILEY  
PRESIDENT

some of the most heavily traveled truck routes in this country. Connecticut is also a heavily truck traveled state but Connecticut charges sales tax on service for large trucks.

A trucker who needs service in the Northeast has the choice of any state. The fact that Connecticut applies the sales tax to service affects the cost of repair work when compared to the other states. So, it's not hard to understand that Connecticut's tax policy drives off this business and as a result our state derives very little revenue from these potential taxpayers.

We believe that it makes good sense for Connecticut's government to help Connecticut business to get this pass-through business, and passage of this bill will accomplish that objective.

Thank you.

